



LAURA N. CHICK
INSPECTOR GENERAL

STATE OF CALIFORNIA
OFFICE OF THE INSPECTOR GENERAL
AMERICAN RECOVERY ACT FUNDS

Transmitted via email

March 17, 2010

Mr. Daniel Oaxaca, Executive Director
San Gabriel Valley Conservation Corps
3017 North Tyler Avenue
El Monte, CA 91731

Dear Mr. Oaxaca:

**Final Review Report—San Gabriel Valley Conservation Corps, Review of Grant Agreement
09-5310-1021**

The State of California, Office of the Inspector General (Inspector General), American Recovery and Reinvestment Act (ARRA), conducted a review of the ARRA funds for the California Energy and Environmental Conservation Recovery Corps Program awarded by the California Conservation Corps (CCC).

SCOPE

The Inspector General reviewed grant agreement 09-5310-1021 to the San Gabriel Valley Conservation Corps (SGVCC) in the amount of \$90,000 for the period July 1, 2009 through December 31, 2009. The review's objectives were to determine whether expenditures were in compliance with applicable laws, regulations, and the grant requirements and if the project was meeting the intended outcomes and outputs.

The SGVCC's management is responsible for ensuring accurate financial reporting and compliance with applicable laws, regulations, and grant requirements as well as evaluating the efficiency and effectiveness of the program. We did not assess the efficiency or effectiveness of program operations.

The results of the review are based on our review of documentation and interviews with staff directly responsible for administering ARRA funds. The review was conducted from February 3, 2010 through February 5, 2010.

METHODOLOGY

To determine whether expenditures were in compliance with applicable laws, regulations, and the grant requirements, we performed the following procedures:

- Examined the grant files, the grant agreement, and applicable policies and procedures.
- Interviewed key SGVCC personnel to obtain an understanding of the grant-related internal controls.

- Selected a sample of expenditures and matching funds reported for labor costs to determine if they were:
 - Allowable
 - Grant related
 - Incurred within the grant period
 - Supported by accounting records and payroll documentation
 - Properly recorded
 - Not reimbursed by another funding source
- Reviewed progress reports and documentation of project progress to determine if the grantee tracked the actual outcomes and outputs of the grant.

REVIEW RESULTS

Duplicate and Ineligible Grant Expenditures Reported

The SGVCC's reported expenditures were not fully in compliance with applicable laws, regulations, and the grant requirements. Reported member costs of \$2,897 in September 2009 were already reimbursed by the matching funding source. Administrative costs of \$197 reported in October 2009 were not allowed per the grant agreement and the AmeriCorps Fiscal Policy Manual. Since CCC has not reviewed or approved the submitted reimbursement requests for payment, SGVCC should revise and resubmit their requests. The Schedule of Reported, Allowed, and Questioned Amounts are presented in Table 1.

Table 1: Schedule of Reported, Allowed, and Questioned Amounts

Grant Agreement 09-5310-1021 For the Period July 1, 2009 to December 31, 2009			
<u>Expenditure Category</u>	<u>Reported</u>	<u>Allowed</u>	<u>Questioned</u>
Member Living Allowance	\$ 9,828	\$ 7,371	\$ 2,457
Member Federal Insurance Contributions Act	748	561	187
Member Worker's Compensation	1,012	759	253
Administrative Costs	197	0	197
Total Expenditures	\$ 11,785	\$ 8,691	\$ 3,094

Outcomes and Outputs are Being Tracked

The SGVCC is tracking the outcomes and outputs of the grant to ensure they will be met. Before and after pictures were provided to us for different segments of trail clearing work being completed.

Untimely Execution of Grant Agreement

The grant period began July 1, 2009; however, there was a six-month delay in executing the grant agreement, which was not signed by SGVCC and CCC until December 29, 2009, and January 4, 2010, respectively. During this time period, work was being completed and expenditures were being incurred; although, no expenditures were reimbursed. A separate letter was sent to the CCC to ensure their grant agreements are executed timely to reduce the risk to CCC and the grantee.

The SGVCC's response has been included in this report. The SGVCC agreed with our observations and we appreciate their willingness to implement corrective actions.

In accordance with the Inspector General's policy of increased transparency, this report will be placed on our website, <http://www.inspectorgeneral.ca.gov>.

We appreciate the assistance and cooperation of the SGVCC. If you have any questions regarding this report, please contact, Mary Kelly, Director of Risk Management, at (916) 322-3003.

Sincerely,

Laura N. Chick, Inspector General
State of California, American Recovery and Reinvestment Act Funds

cc: Mr. David DeMers, Deputy Director, San Gabriel Valley Conservation Corps
Mr. Brad Duncan, Chief of Program Development and Support Division, California Conservation Corps
Ms. Erin Healy, Chief of Administrative Services Division, California Conservation Corps
Ms. Kris Escarda, Manager of Special Projects Unit, California Conservation Corps
Mr. Hunt Drouin, Bond Program Analyst, California Conservation Corps



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15 March, 2010

RE: 11 March, 2010 - Draft Review Report-San Gabriel Valley Conservation Corps, Review of Grant Agreement 09-5310-1021

To whom it may concern,

The San Gabriel Valley Conservation Corps (SGVCC) has reviewed the following audit finding from the above referenced letter:

The SGVCC's reported expenditures were not fully in compliance with applicable laws, regulations, and the grant requirements. Reported member costs of \$2,897 in September 2009 were already reimbursed by the matching funding source. Administrative costs of \$197 reported in October 2009 were not allowed per the grant agreement and the AmeriCorps Fiscal Policy Manual. Since CCC has not reviewed or approved the submitted reimbursement requests for payment, SGVCC should revise and resubmit their requests.

Per the finding above, the San Gabriel Valley Conservation Corps (SGVCC) has found that the expense report that was audited had not been submitted for payment since approved invoice documents had not been distributed from the CCC until March 8th, 2010. The audit did uncover an error in our allocation that caused the potential for billing costs already billed to another grant. This error has been corrected and the expense report for this period has been adjusted. Actual invoices for this grant are scheduled to be submitted this week and will reflect the change in the expense report based upon the findings in this review.

Please feel free to contact me with any questions or concerns.

Cordially,

David De Mers
Deputy Director
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